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SUBJECT: JERUSALEM MEDIA REACTION (07/21): Cessation of settlements must include Jerusalem

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Main Stories:

Al-Ayyam and Al-Hayat Al-Jadida lead with reports citing AFP that the US may impose financial penalties on Israel in light of the continued settlement activities in Jerusalem. According to Israeli sources, the US may reduce its financial support to Israel by approximately \$1 billion. Additionally, an Israeli official stated that "Israel does not care about a confrontation with the US concerning the current construction activities in Jerusalem since the US chose to start the confrontation," according to coverage.

Al-Hayat Al-Jadida runs front page coverage on Palestinian Authority (PA) Prime Minister Salam Fayyad calling on the international community to exert pressure on Israel for an immediate cessation of settlement activities in the Palestinian territories, including Jerusalem. Fayyad also noted that Israel must stop all incursions and attacks against the Palestinians and must end the Gaza siege in order to have an environment that will allow the re-launching of peace talks. Fayyad made his statements while in Hebron meeting with the local governor to discuss economic development and water shortages.

Al-Quds and Al-Hayat Al-Jadida have front page news on continued settler attacks against Palestinian farms in the West Bank on July 120. The settlers reportedly started fires on large parcels of land near Yetsar and Beit Eyn settlements to protest against the eviction of settlement outposts in those areas.

All dailies report that PA President Mahmoud Abbas reiterated in his July 20 visit to the West Bank city of Beit Sahour that presidential

and legislative elections are the solution to ending Palestinian internal division.

Al-Quds front page news cites DPA on the Hizbullah Secretary General Hasan Nasrallah stating on July 20 that Israel is being used as a tool by the US. Nasrallah criticized Israeli measures against the Palestinians and reiterated that "resistance is and will remain the best mechanism to end the Israeli occupation."

Al-Ayyam front page news cites an article in the "National Review" claiming that Special Envoy George Mitchell intends to resign by the end of 2009 once an agreement is reached with the Israeli government regarding the cessation of settlement activities.

BLOCK QUOTES:

1) Al-Quds runs an editorial under the title, "The cessation of settlements includes Jerusalem" (07/21): "The natural growth which is claimed by Israel as a justification for expanding settlements has become a marginal issue in light of current Israeli plans to construct new housing units in Jerusalem ... By doing this, Israel hopes to distract the world's attention from the real problem concerning settlements ... The international community must be aware of that policy and exert pressure to put an end to it."

2) Omar Hilmi Al-Ghoul opines in Al-Ayyam independent daily under the title "Will the US position change?" (07/21):
"The US must ask Israel if it wants to end the conflict or pursue settlements, if it wants war or peace, if it wants to abide by international laws or continue with the occupation ... The US should
d
not change its position concerning settlements, as this will indicate that it gives into Israeli pressure ... Any change in the

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US position doesn't serve US interests".

WALLES